

Message Text

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PAGE 01 MAPUTO 00255 031120Z
ACTION XMB-04

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E.O.11652: N/A
TAGS: EFIN, ETRD, MZ
SUBJECT: VISIT OF EXIMBANK REPS

1. EXIMBANK ECONOMIST JOHN HUBER AND LOAN OFFICER JOHN LENTZ
CONCLUDED TWO DAY VISIT TO MAPUTO MARCH 1. HIGHLIGHTED BY A TWO
AND ONE HALF HOUR MEETING WITH THE GOVERNOR OF THE CENTRAL BANK.

2. HUBER AND LENTZ DISCUSSED STATUS OF PRE INDEPENDENCE LOANS
TO SENA SUGAR ESTATES AND MABOR (GENERAL) TIRE WITH OFFICIALS OF
THOSE FIRMS. SENA HAD ANOTHER POOR YEAR IN 1977 AND OPERATING
LOSS WAS MADE UP THROUGH EXTENSIVE CREDITS EXTENDED BY THE BANK
OF MOZAMBIQUE. THE LONG AWAITED SECOND PROCESSING PLANT IS NOW
SCHEDULED FOR FULL OPERATION IN MAY, 1978 DISPUTES BETWEEN
GENERAL TIRE AND THE GPRM, AS WELL AS SHORTAGE OF PERSONNEL, HAVE
DELAYED THE OPENING OF THE NEW (AND VIRTUALLY COMPLETED) TIRE
FACTORY UNTIL AUGUST AT THE EARLIEST. BOTH OF THESE FIRMS HAVE
MET RECENT DEADLINES FOR LOAN REPAYMENTS TO EXIM.

3. EXIM REPS HAD LENGTHY DISCUSSIONS WITH MOZAMBIQUE DIRECTOR
OF PORTS AND RAILWAYS LUIS ALCANTARA SANTOS AND OTHER OFFICIALS
OF CFM MOZAMBIQUE RAILWAYS CONCERNING THE PURCHASE OF 25
GENERAL ELECTRIC LOCOMOTIVES FOR THE SOUTHERN ROUTE (TO SOUTH
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PAGE 02 MAPUTO 00255 031120Z

AFRICA AND SWAZILAND). NEW YORK GE REP TOM NELSON PARTICIPATED
IN THESE DISCUSSIONS. IF FINANCING CAN BE ARRANGED, CFM HAS
AGREED TO PURCHASE THE LOCOMOTIVES ASSEMBLED IN BRAZIL, WITH
APPROXIMATELY 35 PERCENT OF THE VALUE AMERICAN COMPONENTS.
THE FIRST TWO GE LOCOMOTIVES MAY BE BOUGHT DIRECTLY FROM THE
US FOR CASH. CFM STATISTICS SHOWED THAT THE RAILROAD IS A
LARGE FOREIGN EXCHANGE EARNER AND LENTZ AND HUBER TOURED THE

EXTENSIVE PORT AND REPAIR FACILITIES.

4. CENTRAL BANK GOVERNOR ALBERTO CASSIMO RENEWED MOZAMBIQUE INTEREST IN TRADE AND BANKING ARRANGEMENTS WITH THE US AND EXIMBANK. HE REVIEWED THE SENA, MABOR, AND CFM PROJECTS AND COMMITTED THE BANK TO CONTINUING PROMPT PAYMENTS TO EXIM.

5. CASSIMO ESTIMATED THAT MOZAMBIQUE GOLD AND FOREIGN EXCHANGE RESERVES WERE CURRENTLY ABOUT FIFTEEN PERCENT BELOW THE LAST PUBLISHED (APRIL 1977) TOTAL OF 240 MILLION DOLLARS, BUT STILL COVER NEARLY HALF A YEAR'S IMPORTS.HE ALSO ESTIMATED THAT OVER THE NEXT FOUR YEARS, 60-100 MILLION IN FOREIGN CREDITS COME DUE AND THAT THE BANK OF MOZAMBIQUE WILL BE ABLE TO MEET THEM.A FULL MEMO OF CONVERSATION WILL BE POUCHED TO ADDRESSEES.
DE PREE

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